



24 January 2024

***Private & Confidential***

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United States of America

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Dear Gray Market,

**AGREED-UPON PROCEDURES REPORT WITH REGARDS TO THE ATTESTATION PROCEDURES FOR THE TOTAL  
BALANCE OF THE ASSETS UNDER MANAGEMENT OF GRAY MARKET (SPECIFICALLY THE GRAY FUND), IN  
ACCORDANCE WITH ISRS 4400.**

**Purpose of this Agreed-Upon Procedures Report**

Moore Blockchain and Digital Assets JHB (Pty) Ltd ("**Moore**") (together "**we**" or "**engagement team**") has been engaged by Gray Market (the "**Company**", the "**Fund**", the "**Client**", or "**you**") to provide Asset Balance Attestation agreed-upon procedures for the total Assets under Management of Gray Market, specifically the Gray Fund.

The intended purpose of an Asset Balance assessment is to demonstrate that, at the time of the performance of the procedures, the 31<sup>st</sup> of December 2023, the Client possesses ownership and control of the total assets under management in the Gray Fund.

Our report is solely to assist the Client and the Investors (or "Users") of the Client in performing the Asset Balance Attestation procedures, of the total assets under management in the Gray Fund. The scope of this report is exclusively focused on assets held by third-party custodians, with no procedures for liabilities. Accordingly, our report will be addressed to the Client, and the users of the Client, and our report may not be suitable for another purpose.

**Responsibilities of the Engaging Party and the Responsible Party**

You have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

Gray Market (specifically the Gray Fund), as identified by you, is responsible for the subject matter on which the agreed-upon procedures are performed.

**Practitioner's Responsibilities**

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves our performing the procedures that have been agreed upon with you and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

**Professional Ethics and Quality Control**

Our firm applies International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

**Executive Summary**

This report presents the findings from our attestation procedures conducted on the total assets under management held with third parties, controlled, and owned by the Gray Fund. Our procedures, as agreed upon with management, were focused on assets maintained by third-party custodians, excluding any assessment of liabilities. The report is specifically tailored for the Client and their users and may not be appropriate for other purposes. The procedures revealed that all assets held by third-party entities were verified without any discrepancies. Additionally, we conducted a comprehensive evaluation of the service providers involved, ensuring their adherence to expected standards and protocols.

\*This report is intended solely for the information and use of the Company's Management and Users of the Client and is not intended to be and should not be used by anyone other than these specified parties.

**PROCEDURES**

We have performed the procedures described below, which were agreed upon with you, in the terms of engagement dated 18 January 2024 on the Asset Balance Attestation agreed-upon procedures for the total Assets under Management of Gray Market, specifically the Gray Fund as of 31 December 2023.

Phase 1	General
Step 1	Obtain an overview and document the results of the Company background, business model, and supported features. This is done via an inquiry of management and due diligence using publicly available information.
Step 2	<p>Obtain, from the Company's Management, the following <b>externally</b> compiled financial information reports (including Bank and Brokerage Statements) applicable for 31 December 2023:</p> <p>Interactive Brokers:</p> <ul style="list-style-type: none"> <li>• Annual Brokerage Statement</li> <li>• Brokerage Confirmation Letter</li> <li>• Portfolio Statement</li> </ul> <p>JP Morgan:</p> <ul style="list-style-type: none"> <li>• Bank Confirmation Letter</li> <li>• Bank statements (Checking Account &amp; Savings Account): 31 December 2023</li> <li>• Brokerage Statement: 31 December 2023</li> </ul> <p><b>Morgan Stanley:</b></p> <ul style="list-style-type: none"> <li>• Bank Statement: : 1 December 2023 – 31 December 2023</li> </ul>
Step 3	<p>Obtained a list of all third-party service providers, including the following information:</p> <p><b>Security Information:</b></p> <p>Interactive Brokers:</p> <ul style="list-style-type: none"> <li>• SOC 1, SOC 2 &amp; SOC 3 Reports</li> </ul> <p>Fireblocks:</p> <ul style="list-style-type: none"> <li>• SOC 2 Report</li> </ul> <p>Coincover:</p> <ul style="list-style-type: none"> <li>• SOC 2 Report</li> </ul> <p>Chainalysis:</p> <ul style="list-style-type: none"> <li>• SOC 2 Report</li> </ul> <p>CertiK:</p> <ul style="list-style-type: none"> <li>• SOC 2 Report</li> <li>• CertiK Security Audit (Gray Market)</li> <li>• CertiK KYC Due Diligence Report (Gray Market)</li> </ul> <p>Stripe:</p> <ul style="list-style-type: none"> <li>• SOC 3 Report</li> </ul> <p>Bloomberg</p> <ul style="list-style-type: none"> <li>• SOC 3 Report</li> </ul> <p>Kraken</p> <ul style="list-style-type: none"> <li>• SOC 3 Report</li> </ul> <p>JP Morgan Chase Bank</p> <ul style="list-style-type: none"> <li>• SOC 3 Report</li> </ul> <p><b>Service Agreements:</b></p> <ul style="list-style-type: none"> <li>• Service Agreement: CertiK / Gray Market</li> <li>• Service Agreement: Chainalysis / Gray Market</li> <li>• Service Agreement: Coincover / Gray Market</li> <li>• Service Agreement: Fireblocks / Gray Market</li> </ul>



	<ul style="list-style-type: none"><li>• Service Agreement: Interactive Brokers / Gray Market</li><li>• Service Agreement: Bloomberg / Gray Market</li><li>• Service Agreement: Kraken / Gray Market</li></ul>
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<b>Phase 2</b>	<b>Asset Balances</b>
Step 4	Inspect the <b>external reports</b> obtained in Step 2 to populate the list of Assets under Management in the Gray Fund as of 31 December 2023. <ul style="list-style-type: none"><li>• Identify the Asset Category Type</li><li>• Observe and document the Asset Balance</li><li>• Inspect the disclosed custody partner and arrangement.</li><li>• Document the record of the list of Investors and their disclosed Asset Balances</li></ul>
Step 5	Inspect the Service Agreements and Security Reports with third-party service providers: <ul style="list-style-type: none"><li>• Inspect and document the services provided to Gray Fund.</li><li>• Inspect the document for confirmation of signature and validity of the agreements on 31 December 2023.</li><li>• Inspect the security reports and document and findings.</li></ul>
Step 6	Inspect the Information Security Policy, License / Regulatory Information, and General Platform Disclosures, Agreements & Policies as identified in step 3: <ul style="list-style-type: none"><li>• Document the compliance with regulatory requirements in line with the relevant legislation as provided by Management.</li></ul>

<b>Phase 3</b>	<b>Proving Asset Ownership</b>
Step 7	Inspect the third-party confirmations from the external service providers, as obtained in step 2: <ul style="list-style-type: none"><li>• Inspect and document the account holder information disclosed to assess that the Company holds ownership of the assets.</li></ul>

<b>Phase 4</b>	<b>Reconciliation of Asset Balances</b>
Step 8	Recalculate the total Asset Balance, as per steps 5, and reconcile the results to the Asset Balances disclosed in the Public Facing AUM/NAV Report and document any findings.



## FINDINGS AND RESULTS

### Phase 1: General

1. **Obtain an overview and document the results of the Company background, business model, and supported features. This is done via an inquiry of management and due diligence using publicly available information.**

#### Results:

Moore inquired with the Client's Management to gain an understanding of the Company's background and business model. Additionally, Moore inspected the Company's website (<https://gray.market/>) As well as the Gray Market Whitepaper, and publicly available documents, and information. Please note that this engagement only includes the Gray Fund and does not extend to any other product or service offering of the Company.

#### The results from the procedures stated above were as follows:

The Gray Market operates as a financial technology firm, and independent investment manager, operating and managing the Gray Fund: a diversified investment fund. The Gray Fund, under the umbrella of the Gray Market, is a professionally managed fund with a varied investment portfolio. The Gray Fund functions primarily as an investment fund catering to both retail and institutional investors.

The Gray Market's ethos is centered around providing members with diverse investment opportunities across traditional and decentralized finance, cryptocurrency, credit and debt instruments, and derivatives markets. The company aims to offer straightforward investment solutions, combining advanced blockchain technology with traditional and innovative investment methods. This integrated approach provides members with a unique opportunity to manage their investments effectively, focusing on transparency, security, and optimal management strategies.

The Gray Fund operates in compliance with traditional financial regulations and does not engage in digital asset trading. Its primary transaction medium with investors is stablecoins, especially USDC and USDT, treated as equivalent to USD pending formal regulation. After the initial conversion from stablecoins to fiat currency, the fund does not hold digital assets. Instead, all funds are securely held in corporate brokerage accounts with reputable financial institutions, including JP Morgan, Interactive Brokers (partnered with Citibank), Mercury Bank, and Kraken. This approach ensures adherence to traditional financial standards and regulations.

The Gray Market offers a diversified range of investment opportunities, strategically positioning itself across multiple financial sectors. This diversification not only enhances profit generation prospects for Participating Members but also enables the platform to effectively tap into prevailing market trends in various finance sectors. The Gray Market's investment positions are meticulously managed and rebalanced by its team to adapt to the ever-changing market conditions. This adaptability, coupled with investments in multiple liquid markets, positions Gray Market to capitalize on fast-evolving trends in specific sectors.

Key investment areas include:

Investment Area	Description:
Traditional Finance (TradFi) Investments:	This involves leveraging calls/puts in the established financial systems, encompassing banks, insurance companies, stock markets, and other regulated entities.
Derivatives Trading:	This area focuses on trading contracts based on speculation of future price movements of an asset, applicable in TradFi markets.
Credit and Debt Instruments:	These include various financial tools like debentures, bonds, and mortgages, enabling the transfer of debt liability and providing variable or fixed returns to lenders



Gray Market distinguishes itself as a unique entity in the financial technology sector through a combination of advanced investment strategies and robust security measures.

Key elements that contribute to its uniqueness include:

<b>Investment Area</b>	<b>Description:</b>
Professional Management and Structure:	Gray Market operates as a professionally managed fintech company, integrating traditional financial investment strategies with the dynamic world of cryptocurrency and crypto markets.
Blockchain Technology Utilization:	The platform leverages blockchain for fast, transparent, and secure transactions, settling on a public ledger. It uses a Decentralized Application (dApp) for secure blockchain transactions, with all activities documented on a transparent and immutable public ledger.
Security Measures:	Investments in hardware and software security, such as VPNs, VPS technology, and hardware wallets with backed-up seed phrases stored securely, ensure maximum protection of assets and transactions.
Custodial Services:	Participating Member deposits are held off-chain through a regulated custodian, providing an added layer of security during the transfer of funds between accounts.
Brokerage Partnerships:	Gray Market employs brokerages for market transactions, notably Interactive Brokers LLC, which adds an extra layer of security and credibility to its operations.

#### **Operations:**

The Gray Market leverages blockchain technology primarily for client onboarding and transaction record-keeping, while traditional financial mechanisms facilitate the actual trading and investment activities. Blockchain technology and digital assets, specifically stablecoins (USDC and USDT), serve as a medium for investor onboarding, with all investor interactions, including deposits and withdrawals, handled through decentralized finance (DeFi) methods, and recorded and transparently disclosed on a DeFi-based website. Investors can monitor their investments via unique wallet addresses on the Gray Fund's website.

The Gray Fund accepts deposits through credit cards, wire transfers, and primarily cryptocurrency, with a focus on stablecoins. These are either sent to a custodian or converted to fiat at a corporate exchange before being transferred to Gray Market's brokerage account, where the funds are then managed for trading activity. The brokerage account is for active trading and discretionary use. Withdrawals from the Gray Fund are processed in reverse, with distributions made in stablecoins.

#### **Blockchain Deposits:**

Users are able to deposit **USDT and/or USDC** on the following networks:

1. Ethereum
2. Binance Smart Chain
3. Polygon
4. Avalanche
5. Optimism
6. Arbitrum
7. Base



**2. Obtain the following externally compiled (independent third-party service providers) financial reports, from the Company's Management, containing complete and accurate information applicable to the Gray Fund for 31 December 2023:**

*Please note that it is represented by the Company's Management that these documents are valid, accurate and legitimate and have been independently obtained. Moore performs no additional procedures outside of the listed scope of the Engagement.*

**Results:**

Moore obtained, from the Company's Management, the following documents:

**Interactive Brokers:**

- Annual Brokerage Statement: 01/01/2023 – 31/12/2023
- Brokerage Confirmation Letter: 31/12/2023

**JP Morgan:**

- Bank Confirmation Letter: Signed and dated 16/01/2024
- Bank statements (Checking Account & Savings Account): 01/12/2023 – 31/12/2023
- Brokerage Statement: 01/01/2023 – 31/12/2023
- Credit Facility Statement: 11/06/2023 – 01/01/2024

**Morgan Stanley:**

- Bank Statement (Platinum CashPlus Account): 01/01/2023 – 31/12/2023

In conducting procedure 2, once the listed documents above were obtained from Management, Moore performed a detailed inspection of the information for specific details such as:

- Inspecting the disclosed date and period of each document/ statement for the requirements applicable to the Engagement.
- Inspecting each document for the comprehensive company data disclosed on the evidence pertaining to the Company and specifically the Gray Fund (for the scope of the Engagement as per the Agreed Upon Procedures)
- Inspecting each document, statement, and confirmation for an authentic signature, or relevant evidence of third-party confirmation to assess that the external documents contained proof of third-party compilation and disclosure of the listed documents.

These procedures, as agreed with Management, were to enhance our procedures on the financial information on which this report is compiled. As we do not opine, or provide any assurance opinion on the information contained within these reports, this was an additional agreed-upon procedure performed on the documentation obtained to increase the scope of procedures on the reliability for an accurate representation of Gray Fund's financial data to attest to the asset balances of the total assets under Management of the Gray Fund as at 31 December 2023.

No discrepancies were noted through the performance of this procedure.

**3. Obtain, from the Company's Management, a list of all Third-Party Service Providers, and the following documents for each listed Service Provider of the Company as of 31 December 2023:**

- a. Security Information Reports**
- b. Service Contract Agreements**

**Results:**

Moore obtained, from the Company's Management, a comprehensive list of all Third-Party Service Providers engaged by the Company as of 31 December 2023.



The following list, as evidenced by the Company's Management, represents the Service Providers contracted by Gray Market:

<b>Service Provider:</b>
Interactive Brokers LLC
Fireblocks Inc.
Digital Asset Services Limited (trading as Coincover)
Chainalysis Inc.
Certified Kernel Tech LLC
Stripe Inc.
JP Morgan Chase Bank, NA
Morgan Stanley Smith Barney LLC
Bloomberg LP

For each of these Service Providers, two key categories of documents were obtained, from the Company's Management.

The first category encompassed **Security Information Reports**, which provided evidence of the security measures and protocols employed by these Service Providers.

The second category consisted of **Service Contract Agreements**, evidencing a detailed view of the terms, conditions, and scope of services agreed upon between the Company and the Service Providers.

<b>Service Provider:</b>	<b>Security Information Reports</b>	<b>Service Contract Agreements</b>
Interactive Brokers LLC	<ul style="list-style-type: none"> <li>- SOC 1 Report</li> <li>- SOC 2 Report</li> <li>- SOC 3 Report</li> </ul>	<ul style="list-style-type: none"> <li>- Service Agreement: Interactive Brokers / Gray Market</li> </ul>
Fireblocks Inc.	<ul style="list-style-type: none"> <li>- SOC 2 Report</li> </ul>	<ul style="list-style-type: none"> <li>- Service Agreement: Fireblocks / Gray Market</li> </ul>
Digital Asset Services Limited (trading as Coincover)	<ul style="list-style-type: none"> <li>- No report was obtained</li> </ul>	<ul style="list-style-type: none"> <li>- Service Agreement: Coincover / Gray Market</li> </ul>
Chainalysis Inc.	<ul style="list-style-type: none"> <li>- SOC 2 Report</li> <li>- SOC 3 Report</li> </ul>	<ul style="list-style-type: none"> <li>- Service Agreement: Chainalysis / Gray Market</li> </ul>
Certified Kernel Tech LLC	<ul style="list-style-type: none"> <li>- SOC 2 Report</li> <li>- CertiK Security Audit (Gray Market)</li> <li>- CertiK KYC Due Diligence Report (Gray Market)</li> </ul>	<ul style="list-style-type: none"> <li>- Service Agreement: CertiK / Gray Market</li> </ul>
Stripe Inc.	<ul style="list-style-type: none"> <li>- SOC 3 Report</li> </ul>	<ul style="list-style-type: none"> <li>- Not applicable</li> </ul>
Bloomberg LP	<ul style="list-style-type: none"> <li>- SOC 3 Report</li> </ul>	<ul style="list-style-type: none"> <li>- Service Agreement: Bloomberg / Gray Market</li> </ul>
Payward Inc (Kraken)	<ul style="list-style-type: none"> <li>- Letter of good standing</li> </ul>	<ul style="list-style-type: none"> <li>- No service agreement obtained</li> </ul>
JP Morgan Chase Bank, NA	<ul style="list-style-type: none"> <li>- Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>- Not applicable</li> </ul>
Morgan Stanley Smith Barney LLC	<ul style="list-style-type: none"> <li>- Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>- Not applicable</li> </ul>

This dual approach facilitated an inspection of evidence for both the security infrastructure in place and the contractual obligations governing the relationships between the Company and its Third-Party Service Providers.





## Phase 2: Asset Balances

### **4. Inspect the external reports obtained in Step 2 to populate the list of Assets under Management in the Gray Fund as of 31 December 2023, including:**

- a. Identify the Asset Category Type**
- b. Observe, populate, and document the Asset Balances**
- c. Inspect the disclosed custody partner/arrangement and document the results**
- d. Document the record of the list of Investors and their disclosed Asset Balances**

#### **Procedures:**

We performed an inspection of Total Assets under Management of the Gray Fund as of December 2023, using the external financial information provided.

For the Bank Statements, our procedures encompassed a review and inspection of the various bank statements, as listed in Procedure 2. We inspected the opening and closing balances, all deposits and withdrawals, interest income earned, and other significant transactions that occurred during the period ending 31 December 2023. We inspected the statements for the asset type, by identifying the asset allocations of the bank accounts and consolidated the United States Dollar totals per account held at each respective Third-Party.

Additionally, we recalculated the movements for the period in accordance with the transactional data as disclosed in the respective statements and compared these calculations to the statements provided.

Other information that was inspected were:

- The custody policy information disclosed in the statements to ascertain the custody arrangement employed by the respective providers.
- Inspected the Account information details to attest to the asset accounts provided were registered under the ownership and control of Gray Market.

For the Brokerage Statements Review, we performed an inspection/analysis of all the brokerage statements provided, over the period applicable to the Engagement (31 December 2023). We inspected the fund's investment portfolio at each respective brokerage, which included an assortment of assets, as disclosed below. We examined the asset category, as disclosed in the allocation statement data, and recalculated each asset category closing balance using the external activity data contained in the respective statements to compare against each statement's consolidated summary of the portfolio's asset allocation.

Other information that was inspected were:

- The custody policy information disclosed in the statements to ascertain the custody arrangement employed by the respective providers.
- Inspected the Account information details to attest to the asset accounts provided were registered under the ownership and control of Gray Market.

In our inspection of the fund's Asset Balances and Types as of December 2023, we adopted a multi-faceted approach that involved a detailed inspection of the disclosed data in each listed statement, of various asset categories, transaction dates, custody arrangements, and reconciliations.

In terms of Dates and Custody, we inspected the dates disclosed on the applicable statements and observed that they accurately corresponded with the dates applicable to the Engagement. Additionally, we inspected the Custody information disclosed, identifying that all assets were held in custody with the disclosed financial institutions. This included verifying custodial arrangements, including all third-party custodians, to ensure the safekeeping of the fund's assets was consistent with the information the Company's Management provided.

The results of our procedures were compiled into a detailed overview of the fund's asset balances and types, with the information provided as of December 2023.

**Results:**

Moore summarised the results of the procedures, using the information obtained in procedure 2, and documented the external financial information for the Gray Fund as of 31 December 2023:

**SUMMARY****Assets:**

Total Assets per External Statements	Assets (USD)
Interactive Brokers	\$37,895,912
JP Morgan Chase Bank, NA	\$3,640,044
Morgan Stanley Smith Barney LLC	\$1,000
Total Assets under Management	\$41,536,956

**Assets Breakdown: Per External Statements**

Third-Party	Document	Asset Type	Asset Balance
Interactive Brokers:	Brokerage Confirmation Letter	Net liquidation Value (USD)	\$37,895,912
		<b>Total</b>	<b>\$37,895,912</b>
Interactive Brokers:	Annual Brokerage Statement	Cash	\$39,754,050
		Collateral Value	-
		Stock	-
		Securities Lent	-
		Options	\$(2,003,902)
		Interest Accruals	\$145,765
		<b>Total</b>	<b>\$37,895,912</b>
JP Morgan Chase Bank, NA	Brokerage Statement: 1 December 2023 – 31 December 2023	Cash & Fixed Income	\$810,254
		Interest Accruals	\$3,430
		<b>Total</b>	<b>\$813,684</b>
	Bank Statements	Cash (Checking Account)	\$2,671,240
		Cash (Savings Account)	\$155,120
		<b>Total</b>	<b>\$2,826,360</b>
Morgan Stanley Smith Barney LLC	Bank Statement: 1 December 2023 – 31 December 2023	Cash	\$1,000
		<b>Total</b>	<b>\$1,000</b>

**5. Inspect the Service Agreements and Security Reports with third-party service providers:**

- a. Inspect and document the services provided to Gray Fund.
- b. Inspect the document for confirmation of signature and validity of the agreements on 31 December 2023.
- c. Inspect the security reports and document any findings.

**Procedures:**

Our procedures for Gray Fund's third-party service agreements and security reports as of December 2023 was executed through a structured and detailed inspection process. This encompassed a thorough review of the service agreements, their validity, execution, and the accompanying security reports from the service providers.

We performed an inspection of the documentation evidence of Services Provided to Gray Fund by each listed service provider as disclosed by the Company's Management. We inspected and reviewed the service agreements with all applicable service providers. We documented the specific services provided by each third party, as per the agreements, in our working papers. The documented results from these agreements were evaluated to ensure they aligned with the understanding and representation that the Management of Gray Fund provided.

Additionally, we inspected the agreements for Signature and Validity as of 31 December 2023, our team inspected to attest that there were signatures on each agreement, confirming they were duly signed by authorized representatives of both Gray Fund and the respective service providers. We inspected the validity of all agreements as of 31 December 2023, reviewing their terms and conditions, including start and end dates, to ensure they reflect current and ongoing service provisions. Any amendments or renewals to the original agreements were inspected for and noted if applicable, attesting to the acknowledgment of both parties that these changes were properly authorized and documented.

For the Security Reports and Documentation, we performed an Inspection of Findings that were highlighted in these independent reports, we reviewed the security reports provided by third-party service providers and documented any deficiencies. Additionally, we reviewed the risk management strategies and procedures outlined in the reports, ensuring they align with Gray Fund's risk disclosures.

Through these procedures, our aim was to ensure that Gray Fund's interactions with third-party service providers were secure, effective, and compliant with necessary standards and practices, providing a comprehensive overview of their service and security status as of December 2023.

**Findings:**

Service Provider:	Security Information Reports	Findings
Interactive Brokers LLC	- SOC 1 Report	- The SOC 1 report is for the period 01/01/2022 – 31/12/2023 which is <b>not</b> valid as of 31 December 2023
	- SOC 3 Report	- The SOC 3 report is for the period 01/01/2022 – 31/12/2023 which is <b>not</b> valid as of 31 December 2023
	- Service Agreement	- There is no specific signed agreement between the parties, it appears to be a general agreement.
Fireblocks Inc.	- SOC 2 Report	- The SOC 2 report is for the period 01/09/2021 – 31/08/2022 which is <b>not</b> valid as of 31 December 2023
	- Service Agreement	- No exceptions noted



Service Provider:	Security Information Reports	Findings
Digital Asset Services Limited (trading as Coincover)	- SOC 2 Report	- Coincover does not have an SOC report. They are actively engaged with an audit firm to achieve SOC compliance report in Q2 2024.
	- Service Agreement	- No effective date evidenced, but only signed on 27/12/2023. - Management comment: The effective date is the same as the signature date and relates to additional insurance cover.
Chainalysis Inc.	- SOC 2 Report	- No exceptions noted
	- Service Agreement	- No exceptions noted
Certified Kernel Tech LLC	- SOC 2 Report	- The SOC 2 report is for the period 01/05/2023 – 31/10/2023 which is <b>not</b> valid as of 31 December 2023.
	- CertiK Security Audit (Gray Market)	- Major risk: Centralization Risks In VaultBSC.Sol And VaultETH.Sol as of 16/10/2023 was not resolved. - Management commented that the risk has been mitigated and updated on their website. ( <a href="https://skynet.certik.com/projects/gray-market">https://skynet.certik.com/projects/gray-market</a> )
	- Service Agreement	- No discrepancies noted
	- CertiK KYC Due Diligence Report (Gray Market)	- No material defects noted.
Stripe Inc.	- SOC 3 Report	- The SOC 3 report is for the period 01/10/2022 – 30/11/2023 which does <b>not</b> cover the period until 31 December 2023
	- Service Agreement	- No service agreement was provided as the services are used ad hoc and as needed. -
Bloomberg LP	- SOC 3 Report	- The SOC 3 report is for the period 01/10/2022 – 30/09/2023 which does <b>not</b> cover the period until 31 December 2023
	- Service Agreement	- The service was provided only for one month
Payward Inc (Kraken)	- SOC Report	- Only a letter of good standing was provided.
	- Service Agreement	- Not provided



- 6. Inspect the Information Security Policy, License / Regulatory Information, and General Platform Disclosures, Agreements & Policies as identified in step 3:**
  - a. Document the compliance with regulatory requirements in line with the relevant legislation as provided by Management.**

Moore inspected the regulatory requirements, as well as the policy provided by Management, and noted the following:

The Gray Fund adheres to the Regulation A+ framework in its fundraising activities, having raised under \$75 million within a 12-month span. Despite qualifying for Reg A+ status, which typically exempts entities from stringent reporting standards, the Gray Fund took a proactive step by submitting Form ADV to the SEC on January 6, 2024. This submission indicates a transition towards formal regulatory oversight. Upon receiving official approval, the Gray Fund will be subject to regular reporting obligations, a requirement that is generally waived for companies operating under the Regulation A+ guidelines.

As per Management comment: The Company intends to stay ahead of regulatory mandates, and the Fund has proactively registered with the SEC.

### **Phase 3: Proving Asset Ownership**

- 7. Inspect the third-party confirmations from the external service providers, as obtained in step 2:**
  - a. Inspect and document the account holder information disclosed to assess that the Company holds ownership of the assets.**

As part of the procedures, Moore performed a detailed inspection of the third-party confirmations from external service providers, as initially obtained in step 2. This procedure was to attest to the ownership and accuracy of asset information held by the company, as provided by Management.

During the inspection, we scrutinized and documented the Account Holder Information disclosed on the third-party statements, as provided by Management. This involved an examination of the details disclosed by the external service providers. Moore reviewed the account holder information for each statement/account document, ensuring that it accurately reflected the company's ownership. This inspection was to attest that the assets under consideration were indeed held under the company's name, thereby validating their ownership claims.

Additionally, we closely inspected and cross-referenced the information provided from externally compiled information and internally compiled information. This included comparing the types of assets held, their quantities, and values as stated in the confirmations against the company's records. No discrepancies or inconsistencies in the information were presented.

Our analysis also extended to assessing the confirmations, as detailed in the procedures above. No discrepancies were noted.

### **Phase 4: Reconciliation of Asset Balances**

- 8. Recalculate the total asset balance, as per step 4, and reconcile the results to the Asset Balances disclosed in the Public Facing AUM/NAV Report and document any findings.**

As of December 31, 2023, the total balance of assets under management (AUM) in the Gray Fund was derived from external financial reports, in accordance with step 2 of our procedure. This figure was then cross-referenced with the real-time asset balance presented in the Gray Fund's Public Facing AUM Report, accessible at <https://gray.market/dapp/fund>. During this reconciliation process, a discrepancy of \$98,496 was identified. According to the explanation provided by the fund's management, this variance is attributed to a timing difference. The external financial reports' AUM balance was recorded as of December 31, 2023, while the Public Facing AUM Report reflects a live update, with the balance as of January 24, 2024, being considered for reconciliation purposes.



	<b>Assets (USD)</b>
<b>External Financial Reports (Step 4)</b>	<b>\$41,536,956</b>
Interactive Brokers	\$37,895,912
JP Morgan Chase Bank, NA	\$3,640,044
Morgan Stanley Smith Barney LLC	\$1,000
<b>Total Assets Balance</b>	<b>\$41,536,956</b>
<b>Asset Balance Public Facing AUM/NAV Report</b>	<b>\$41,635,452</b>
<b>Difference</b>	<b>(\$98,496)</b>

Yours sincerely

*Moore Blockchain + Digital Assets JHB*

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**MOORE BLOCKCHAIN AND DIGITAL ASSETS JHB (PTY) LTD**  
Gauteng, South Africa

Date: 24 January 2024

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